

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0204-03
Bill No.: Perfected SCS for SB 47
Subject: Children and Minors; Family Services Division; Family Law
Type: Original
Date: January 30, 2013

Bill Summary: This proposal adds to the list of legal guardians of a child who may receive subsidies.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$151,124)	(\$181,349)	(\$181,349)
Total Estimated Net Effect on General Revenue Fund	(\$151,124)	(\$181,349)	(\$181,349)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Savings and losses exceed \$900,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS) - Children's Division (CD)** state 42 U.S.C. § 671(a)(19) under Title IV-E of the Social Security Act requires that in order for states to receive federal payments for foster care and adoption assistance they must give preference to an adult relative over a non-related caregiver when determining placement.

Additionally, Title IV-E further requires states to exercise due diligence to identify and provide notice to all grandparents and other adult relatives of the child (including any other adult relatives suggested by the parents), that the child has been or is being removed from the custody of his or parents, explain the options the relative has to participate in the care and placement of the child, and describe the requirements to become a foster parent to the child.

This proposal removes changes to section 210.565, which were in the original proposal, and adds changes to section 453.072.

Currently 453.072 provides adoption subsidy funds to adoptive parents (section 453.073) and to qualified relatives who are granted legal guardianship (section 453.074) and defines "relative" as any grandparent, aunt, uncle, adult sibling of the child, or adult first cousin of the child.

This proposal expands the persons eligible for adoption subsidy by expanding the definition of relative to "any other person related by blood or affinity" and also adds that "a qualified close nonrelated person" who is granted guardianship is also eligible for adoption subsidy. This proposal defines "close nonrelated person" as "any nonrelated person whose life is so intermingled with the child such that the relationship is similar to a family relationship".

This definition for relative, "any person related by blood or affinity", removes all parameters because a case could be made that all persons are related by blood or affinity at some point.

In Calendar Year (CY) 2010, there were 456 new legal guardianship cases; in CY 2011, there were 521 new legal guardianship cases; and, in CY 2012 there were 612 new legal guardianship cases.

The CD projects that there will be 16,838 children in DSS' custody in FY14 and beyond. Assuming the ratio between the number of children in custody and the number of children in guardianship stays the same, the CD also projects that the number of children who move to guardianship (because of the expansion in guardianship-eligible persons) as a result of this legislation will double, resulting in a total of 1,251 guardianship cases annually. This is an increase of 639 new guardianship cases.

ASSUMPTION (continued)

The annual amount paid by the CD for children in guardianship placement is \$3,243.50 per child. The total annual placement cost for the additional 639 children would be \$2,072,598 (\$2,002,384 GR (96.6%) and \$70,214 Federal (3.4%)).

Because a child must first be in the custody of the CD prior to moving to guardianship placement, the CD also projects that there will be a reduction in foster care costs as a result of children moving to guardianship. The annual placement cost for a child in foster care is \$4,395 per child. The total annual placement costs for the 639 children if they had remained in foster care would have been \$2,808,405 (\$1,821,035 GR (64.8%) and \$987,370 Federal (35.2%)).

Therefore, this proposal results in a net reduction in costs per child of \$1,151.50 [\$4,395 (foster care costs/child) - \$3,243.50 (guardianship costs/child)]. However, because no federal dollars can be claimed for non-relative guardians, and there will be fewer guardianship children that are eligible for federal IV-E money. The CD estimates the proposal will result in increased General Revenue costs of \$181,349 (\$1,821,035 - \$2,002,384) annually; there will also be a corresponding annual reduction in federal funds of \$917,156 (\$987,370 - \$70,214). FY 2014 reflects ten months of impact because of the August 28, 2014 effective date.

Officials from the **Office of State Courts Administrator** assume the proposal will have no fiscal impact on their organization.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Savings - DSS-CD</u>			
Reduction in foster care expenditures	\$1,517,529	\$1,821,035	\$1,821,035
<u>Cost - DSS-CD</u>			
Increase in state-only funded guardianship expenditures	<u>(\$1,668,653)</u>	<u>(\$2,002,384)</u>	<u>(\$2,002,384)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$151,124)</u>	<u>(\$181,349)</u>	<u>(\$181,349)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
FEDERAL FUNDS			
<u>Savings - DSS-CD</u>			
Reduction in foster care expenditures	\$764,297	\$917,156	\$917,156
<u>Loss - DSS-CD</u>			
Reduction in federal matching funds for reduced foster care expenditures	<u>(\$764,297)</u>	<u>(\$917,156)</u>	<u>(\$917,156)</u>
ESTIMATED NET EFFECT TO FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2014 (10 Mo.)	 FY 2015	 FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal adds to the list of qualified legal guardians of a child who shall receive subsidies in the same manner as such subsidies are available for adoptive parents. This proposal provides for subsidies for "qualified relatives", which includes any person related to the child by blood or affinity, as well as for any "qualified close nonrelated person" which includes any nonrelated person whose life is so intermingled with the child such that the relationship is similar to a family relationship.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Courts Administrator
Department of Social Services -
Children's Division

A handwritten signature in black ink, appearing to read "Ross Strobe", with a stylized flourish at the end.

Ross Strobe
Acting Director
January 30, 2013